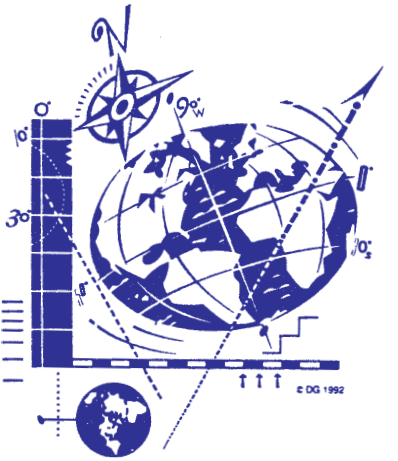

DOCUMENTED VESSELS & CALIFORNIA TAX

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STATE BOARD OF EQUALIZATION

For Information

Internet

www.boe.ca.gov

Information Center

For general tax information, call

800-400-7115

TDD Service for the Hearing Impaired
From TDD phones, call 800-735-2929
From voice phones, call 800-735-2922

For questions about reporting use tax on your vessel, call the Consumer Use Tax Section.

Consumer Use Tax Section

916-445-9524

Taxpayers' Rights Advocate

For information about your rights under the Sales and Use Tax Law, call the Board's Taxpayers' Rights Advocate at 888-324-2798 or send a fax to 916-323-3319.

Personal Property Tax

Call your local county assessor.

Under California law, sales or use tax and personal property tax generally apply to the sale, purchase, or ownership of documented vessels located in this state. Documented vessels are those registered with the US Coast Guard or foreign governments.

If you would like more information, call the appropriate state or county agency listed on the left. Please do not call the US Coast Guard for answers to tax questions.

Sales & Use Taxes

Is my purchase of a documented vessel subject to sales or use tax?

Unless an exemption applies, either sales or use tax must be reported on documented vessels purchased for use in California (including vessels that are purchased out of state).

The law allows several exemptions. For example, tax may not apply to your purchase if the vessel

- Was purchased for use outside California,
- Will be used in interstate or foreign commerce,
- Will be used for commercial deep-sea fishing outside the territorial waters of California, or
- Was purchased from a qualified family member as specified in section 6285 of the Sales and Use Tax Law.

Also, tax does not apply if you received the vessel as a gift.

For more information on vessel acquisitions that are not subject to use tax, call the Consumer Use Tax Section at 916-445-9524. You can also request a copy of Publication 40, *Tax Tips for the Watercraft Industry*, by calling the Information Center at 800-400-7115, or visit our website at www.boe.ca.gov.

If tax is due, who reports it?

- **If you purchase the vessel from a California vessel dealer**
  The dealer must report sales tax on the sale unless he or she is acting as a broker (see below).
- **If you purchased the vessel through a California licensed yacht broker**
  The broker may, but is not required to, collect and report the use tax. If the broker did not collect use tax, you are required to report it to

the Board, as explained below (see "*If I am required to report use tax, how do I do it*?).

If the broker collects and reports the correct amount of tax, you have no additional use tax liability. However, if the Board determines that insufficient tax has been collected and reported, you will be billed for the additional tax.

If the broker collects an amount for use tax but fails to report it to the Board, you may be billed for the amount due. However, if you purchased the vessel on or after January 1, 1996, and have documentation showing you paid use tax to the broker, you will be credited for the amount of tax paid to the broker.

- **If you purchase the vessel from another seller**
  If you purchase the vessel from someone other than a California vessel dealer (for example, from a private party or an out-of-state retailer who does not have an outlet or agents in this state), you are generally required to report use tax to the Board.

If I am required to report use tax, how do I do it?

To calculate the amount due, multiply the use tax rate in effect on the date of purchase by the purchase price of the vessel. The use tax rate is the same as the sales tax rate and is based on where you principally moor or berth the vessel. For example, if you reside in Orange County but keep the vessel in Los Angeles County, you must pay tax at the rate charged in Los Angeles County. If you need information regarding the tax rate, please call our Information Center at 800-400-7115, or visit our website at www.boe.ca.gov.

- **If you hold a valid seller's permit or consumer's use tax number**
  If you are a registered seller and have purchased the vessel for purposes other than for resale, you should report the tax on your sales and use tax return for the reporting period in which you purchased the vessel. List the

amount of the purchase on your return, under purchases subject to use tax.

- **If you do not hold a valid seller's permit or consumer's use tax number**

  You must pay the use tax due directly to the Board. You can

  - Call the Consumer Use Tax Section at 916-445-9524 (or write to them at the address shown on the left) and request that a return be mailed to you, or
  - Complete the panel on the left, and mail it with a check for the amount due.

  Your tax payment is due on or before the last day of

  - The month following the month you were mailed a return by the Board, or
  - The twelfth month following the month in which you purchased the vessel, if you did not receive a return from the Board,

  whichever period expires first.

Penalty and interest charges will begin to accrue once the due date has passed.

Statute of limitations. The Board, through regular audits and other sources, locates information on and investigates sales of vessels on which tax has not been reported and paid. If a taxpayer has not filed a return, the Board generally has eight years from the due date of the return in which to issue a billing. If a taxpayer has filed a return but has not reported the tax due, the Board generally has three years after the due date of the return in which to issue a billing.

Personal Property Tax

In addition to sales or use tax, personal property tax may be due. Please contact your local county assessor's office for more information.

State Board of Equalization

Use Tax Payment on the Purchase of a Documented Vessel

NAME

ADDRESS

DAYTIME PHONE

( )

DATE OF PURCHASE

PURCHASE PRICE

COUNTY WHERE BERTHED

YEAR BUILT

BUILDER

LENGTH

VESSEL NAME

DOCUMENTATION NUMBER

AMOUNT REMITTED $

Please detach this panel and mail it, along with your payment, to the address below. Include a copy of the bill of sale that verifies the total purchase price and the date of the sale. To verify the location of the vessel, please also include copies of moorage receipts or a copy of the county personal property tax assessment on the vessel.

Make your check payable to the "State Board of Equalization." Write the vessel identification number and/or name on your check. Enclose your reply in an envelope and mail to:

Consumer Use Tax Section
State Board of Equalization
P.O. Box 942879
Sacramento, CA 94279-8001

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